HLS 00A-49 **ORIGINAL** 

First Extraordinary Session, 2000

HOUSE BILL NO. 9

1

## BY REPRESENTATIVE FAUCHEUX

LOCAL FINANCE: (Constitutional Amendment) Authorizes local governments to donate certain revenues for industrial development purposes

A JOINT RESOLUTION

2	Proposing to amend Article VII, Section 14(B) of the Constitution of
3	Louisiana, to authorize a local government to loan, pledge, or donate
4	certain revenues for industrial development purposes; to provide
5	prerequisites for such a loan, pledge, or donation; to provide for
6	submission of the proposed amendment to the electors; and to provide
7	for related matters.
8	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of
9	the members elected to each house concurring, that there shall be submitted
10	to the electors of the state of Louisiana, for their approval or rejection in the
11	manner provided by law, a proposal to amend Article VII, Section 14(B) of the
12	Constitution of Louisiana, to read as follows:
13	§14. Donation, Loan, or Pledge of Public Credit
14	* * *
15	(B) Authorized Uses. Nothing in this Section shall prevent (1)
16	the use of public funds for programs of social welfare for the aid and
17	support of the needy; (2) contributions of public funds to pension and

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insurance programs for the benefit of public employees; (3) the pledge of public funds, credit, property, or things of value for public purposes with respect to the issuance of bonds or other evidences of indebtedness to meet public obligations as provided by law; (4) the return of property, including mineral rights, to a former owner from whom the property had previously been expropriated, or purchased under threat of expropriation, when the legislature by law declares that the public and necessary purpose which originally supported the expropriation has ceased to exist and orders the return of the property to the former owner under such terms and conditions as specified by the legislature; (5) acquisition of stock by any institution of higher education in exchange for any intellectual property; (6) the donation of abandoned or blighted housing property by the governing authority of a municipality or a parish to a nonprofit organization which is recognized by the Internal Revenue Service as a 501(c)(3) or 501(c)(4) nonprofit organization and which agrees to renovate and maintain such property until conveyance of the property by such organization; (7) the deduction of any tax, interest, penalty, or other charges forming the basis of tax liens on blighted property so that they may be subordinated and waived in favor of any purchaser who is not a member of the immediate family of the blighted property owner or which is not any entity in which the owner has a substantial economic interest, but only in connection with a property renovation plan approved by an administrative hearing officer appointed by the parish or municipal government where the property is located; (8) the deduction of past due taxes, interest, and penalties in favor of an owner of a blighted

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property, but only when the owner sells the property at less than the appraised value to facilitate the blighted property renovation plan approved by the parish or municipal government and only after the renovation is completed such deduction being canceled, null and void, and to no effect in the event ownership of the property in the future reverts back to the owner or any member of his immediate family; (9) the donation by the state of asphalt which has been removed from state roads and highways to the governing authority of the parish or municipality where the asphalt was removed, or if not needed by such governing authority, then to any other parish or municipal governing authority, but only pursuant to a cooperative endeavor agreement between the state and the governing authority receiving the donated property; or (10) the investment in stocks of a portion of the Rockefeller Wildlife Refuge Trust and Protection Fund, created under the provisions of R.S. 56:797, and the Russell Sage or Marsh Island Refuge Fund, created under the provisions of R.S. 56:798, such portion not to exceed thirty-five percent of each fund; or (11) the loan, pledge, or donation by a local governmental subdivision of tax revenues dedicated to industrial or economic development or proceeds of bonds secured by such revenues to a person, association, or corporation which, by cooperative endeavor agreement, agrees to locate or expand industrial enterprises within the local governmental subdivision and further agrees to hire some minimum number of residents of the subdivision, which number must be specifically provided in the agreement. A local governmental subdivision may enter a cooperative

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1 endeavor for this purpose, but the agreement is subject to approval by 2 the State Bond Commission. 3 4 Section 2. Be it further resolved that this proposed amendment shall be 5 submitted to the electors of the state of Louisiana at the statewide election to be held on November 7, 2000. 6 7 Section 3. Be it further resolved that on the official ballot to be used 8 at said election there shall be printed a proposition, upon which the electors 9 of the state shall be permitted to vote FOR or AGAINST, to amend the Constitution of Louisiana, which proposition shall read as follows: 10 11 To authorize local governments to loan, pledge, or donate certain revenues dedicated to economic or industrial 12 13 development to persons, associations, or corporations which 14 agree to locate or expand industrial operations in the area and agree to hire a certain minimum number of local residents. 15 16 (Amends Article VII, Section 14(B))

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Faucheux HB No. 9

<u>Present constitution</u> prohibits the state or any political subdivision from loaning, pledging, or donating funds, credit, property, or things of value. Authorizes, for a public purpose, public entities to engage in cooperative endeavors with each other or with other public or private entities.

<u>Proposed constitutional amendment</u> provides for an exception to the prohibition on donations. Authorizes a city or parish to loan, pledge, or donate tax revenues dedicated to industrial or economic development or proceeds of bonds secured by such revenues. Requires that the local government enter into a cooperative endeavor agreement with the beneficiary of the loan, donation, or pledge in which the beneficiary agrees to locate or expand industrial

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enterprises within the city or parish and to hire a minimum number of local residents as specified in the agreement. Authorizes a local government to enter a cooperative endeavor for this purpose subject to Bond Commission approval of the agreement.

Provides for submission of the proposed amendment to the voters at the statewide election to be held on November 7, 2000.

(Amends Const. Art. VII, §14(B))